

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

PUBLIC SERVICES – SOCIAL WELFARE DEPARTMENT – Sri N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad - Departmental proceedings under Rule 20 of the A.P.Civil Services (CC&A) Rules, 1991 – Articles of charges – Issued.

SOCIAL WELFARE (SER.II.1) DEPARTMENT

G.O.Rt.No. 743

DATED:29 -10-2009

ORDER:

It is proposed to hold an enquiry against Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, SWD (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad in accordance with the procedure laid down in Rule 20 of the A.P. Civil Services (CC&A) Rules, 1991.

2. The substance of the imputations of irregularities in respect of which the inquiry is proposed to be held is set out in the enclosed Statement of Articles of Charges (Annexure-I). A statement of imputations of irregularities in support of each Article of Charge is enclosed (Annexure-II). A list of documents by which, and a list of witnesses by whom, the articles of charges are proposed to be sustained are also enclosed (Annexure-III & IV).

3. Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad is directed to submit his written statement of defence, within 10 days from the date of receipt of this order.

4. Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad is informed that an inquiry will be held only in respect of those Articles of Charges as are not admitted. He should, therefore, specifically admit or deny each article of charge.

5. Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad is further informed that if he does not submit his written statement of defence on or before the date specified in para 3 above, or otherwise fails or refuses to comply with

the provisions of rule 20 of APCS (CCA) Rules, 1991 or the orders / directions issued in pursuance of the said rules, the Inquiring Authority may hold the inquiry against him ex parte.

6. Attention of Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad is invited to Rule 24 of the A.P. Civil Services (Conduct) Rules, 1964, under which no Government Servant shall bring or attempt to bring any political or outside influence to bear upon any superior authority to further his interests in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another person in respect of any matter dealt with these proceedings, it will be presumed that Sri. N. Dasaratharami Reddy, formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District and presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad is aware of such a representation and that it has been made at his instance and action will be taken against him for violation of Rule 24 of the A.P. Civil Services (Conduct) Rules, 1964.

7. The receipt of the Memorandum be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT

Enclosures:- I to IV Annexure

To

Sri. N. Dasaratharami Reddy, Formerly Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District presently Addl. Director, (u/s) O/o Commissioner of Social Welfare, AP, Hyderabad
(Through the Commissioner of Social Welfare A.P., Hyderabad)

Copy to:

1. The Commissioner of Social Welfare A.P., Hyderabad (with a request to serve the articles of charges and return the served copy to Government for record.)
2. Vice Chairman & Managing Director, AP, SC Cooperative Finance Corporation Ltd., Hyderabad

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE-1

STATEMENT OF ARTICLES OF CHARGES FRAMED AGAINST SRI. N. DASARATHARAMI REDDY, FORMERLY EXECUTIVE DIRECTOR, DIST. S.C. SERVICE COOP. SOCIETY LTD., MACHILIPATNAM, KRISHNA DISTRICT PRESENTLY ADDL. DIRECTOR, (U/S) O/O COMMISSIONER OF SOCIAL WELFARE, AP, HYDERABAD

Article of Charge:- 1 Sri. N. Dasaratharami Reddy, Addl. Director, Social Welfare Department, AP, Hyderabad, while functioning as Executive Director, Dist. S.C. Service Coop. Society Ltd., Machilipatnam, Krishna District during the period from 2000-01 to 2003-04 in implementation of the AP Mission for Eradication of Manual Scavenging and Rehabilitation of Scavengers Scheme has made sanctions to non existing beneficiaries without verifying the Genuinity and also the list of survey conducted by (15) NGOs in Krishna District. He has failed to discharge his duties effectively.

Thus he failed to maintain absolute integrity, devotion to duty discipline, impartiality and a sense of propriety. Thus he violated Rule 3 (1) of A.P. Civil Service (Conduct) Rules, 1964.

Article of Charge:- 2 That during the period from 2000-01 to 2003-04 while functioning in Krishna District SC Service Coop. Society Ltd., Machilipatnam, the said Officer Sri. N. Dasaratharami Reddy formerly Executive Director made disregard of the guidelines in selection of alternate occupations, imparting training and providing post Asset Delivery support to the beneficiaries as per the guidelines at para 4.2.5 of the A.P. Mission for Eradication of manual Scavenging & Rehabilitation of Scavengers in Andhra Pradesh. He has failed to monitor and lack of supervision effectively on assets distributed to the beneficiaries.

Thus he failed to maintain absolute integrity, devotion to duty, discipline, impartiality and a sense of propriety in violation of Rule 3 (1) of A.P. Civil Service (Conduct) Rules, 1964.

Article of Charge:- 3 Sri. N. Dasaratharami Reddy, formerly Executive Director has not followed the guidelines in implementation of the scheme A.P. Mission for Eradication of manual Scavenging & Rehabilitation of Scavengers in Andhra Pradesh. He placed supply orders to the firms which were not approved by the Purchase Committee which resulted in supply of Sub-standard material to the beneficiaries by the suppliers and also resulted in distribution of cash instead of assets through mediators defeating the very objective of the scheme. Thus, the brokers/suppliers amassed large amounts by hijacking the benefits of the scheme leading to misappropriation of the released amounts. The beneficiaries retrieved meager amounts on the sale of the materials supplied on account of the

ignorance of the real worth of the material supplied to them. He has failed to follow the guidelines and he is responsible for above irregularities.

Thus he failed to maintain absolute integrity, devotion to duty, discipline, impartiality and a sense of propriety in violation of Rule 3 (1) of A.P. Civil Service (Conduct) Rules, 1964.

Article of Charge:- 4 Sri. N. Dasaratha Rami Reddy, Formerly Executive Director has failed to take action for proper documentation of the applications facilitating impersonation which lead to difficulty in loan recovery. He is involved in abuse of power and official corruption in supplies made to the beneficiaries.

Thus he failed to maintain absolute integrity, devotion to duty, discipline, impartiality and a sense of propriety in violation of Rule 3 (1) of A.P. Civil Service (Conduct) Rules, 1964.

V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE-II

STATEMENT OF IMPUTATIONS OF IRREGULARITIES IN SUPPORT OF THE ARTICLES OF CHARGES FRAMED AGAINST SRI. N. DASARATHARAMI REDDY, FORMERLY EXECUTIVE DIRECTOR, DIST. S.C. SERVICE COOP. SOCIETY LTD., MACHILIPATNAM, KRISHNA DISTRICT & PRESENTLY ADDL. DIRECTOR, (U/S) O/O COMMISSIONER OF SOCIAL WELFARE, AP, HYDERABAD

The Government of Andhra Pradesh launched A.P. Mission for Eradication of Manual Scavenging and Rehabilitation of Scavengers in 2001, with an objective of declaring Andhra Pradesh State as the first Manual Scavenger Free State by the end of year 2002, vide G.O. Ms. No. 83, Social Welfare Department, dated 04-09-2001 by stringent implementation of "Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993" duly demolishing and replacing all latrines, both individual and community, with septic flush type and Low Cost Sanitation units, while simultaneously offering rehabilitation package of Self Employment Schemes to all Manual Scavengers to take up more dignified, socially acceptable and economically viable professions by giving up the stigma associated with age old inhuman practice.

Keeping in view of the implementation of various earlier schemes on manual scavenging, the Government has evolved a complete and comprehensive rehabilitation package of self-employment scheme, which deals with capacity building of the Ex-Scavengers through counseling, to identify suitable alternative occupations and to earn a respectable and sustainable means of livelihood.

In order to identify the beneficiaries, a survey was conducted in August, 2000, by 15 NGOs in the district duly identifying 1246 manual scavengers with 3167 dependants, with subsequent identification of some more manual scavengers, the total came to 1381 Manual Scavengers with 35 dependants.

The scheme was grounded from 2000 to 2004 as many as 1364 scavengers were to have been weaned away from the socially stigma-associated work at around Rs.10.50 crores were spent for this scheme which was designed to put an end to the practice of scavenging. The following details are the statistics as far as Krishna District is concerned.

Year	Scavengers	Dependents	Amount in lakhs
2000-2001	347	816	164.684
2001-2002	233	608	148.980
2002-2003	591	1590	564.564
2003-2004	13	511	173.609
Total	1364	3535	1051.837

Funding Pattern:

The resources are mobilized from the Government of India as grant for meeting subsidy @ Rs.10,000/- per head including dependents, limited to 50% of the scheme outlay, Margin Money of 20% from both Government of India and State Government is mobilized in a ratio of 49:51 and the balance in the form of loan from National Safai Karmachari Finance and Development Corporation (NSKFDC). The Government of India bears 100% training cost as grant.

Following are the schemes and outlay.

Sl. No.	Name of the Scheme	Unit Cost. (In Rs.)
1	Xerox machine	100,000
2	Tent House	100,000
3	Baddy + Cycle Shop	100,000
4	Cycle shop	50,000
		70,000
5	Rikshaws	50,000
6	Centering material	100,000
7	Cloth business	50,000
8	Push Cart and Utensils	50,000
9	Diesel Autos	100,000
10	Zigzag machines	100,000

Details of Enquiry:

The officers of the unit collected the implementation particulars of the scheme for the year 2003-04 from KDSCS Society Ltd., Machilipatnam, duly examining the following beneficiaries in Vijayawada (Urban), Machilipatnam (Urban), Machilipantam (Rural), Kaikaluru, Mudinepally, Nuzivid and Agripalli Mandals. A sample lot of beneficiaries and the suppliers were checked and verified to assess the efficacy of implementation of this scheme.

STATEMENTS OF BENEFICIARIES

I. Beneficiaries who were sanctioned Xerox machines:

1	Vaddadi Bhavani, W/o. Kunchaiah, Vijayawada	Given Rs. 45,000 instead of the machine by M/s BSK copier services
2	Bhupathi Tirumala Rao, S/o Simhachalam, Vijayawada	Sold the machine to M/s BSK Copier Services for Rs. 49,000
3	Komara Satyanarayana, S/o Yedukondalu, Vijayawada	Sold the machine for Rs. 45,000

4	Kona Prasad, S/o Nukala Raju, Vijayawada	Sold the machine for Rs. 45,000
5	Tummi Laxmana Babu, S/o, Veeranna, Vijayawada	Sold the machine for Rs. 30,000
6	Gogulamudi Jhon, S/o David, Viajaywada	Sold the machine for Rs. 45,000
7	Dalayi Satyavati W/o Apparao, Viajaywada	Machine returned to the supplier as she did not have place for it she was reluctant to elaborate
8	Karapati Ashok Kumar W/o Gopala Rao, Nuzivid	Sold the machine for Rs. 30,000
9	Singapally Jayalami, W/o Srinivasa Rao, Bapulapadu on behalf of the beneficiary Apparao	Sold the machine for Rs. 45,000
10	Kona Sankaramma, W/o Nukaraju, Vijayawada (on behalf of the beneficiary, Ankam Peramma)	Sold the machine – did not specify amount

The balance amount of Rs. 35,000/- was given to them, as working capital, which was utilized by the beneficiaries to meet their personal expenditure and Sl.No. 2 & 5 have returned to their original occupations. Statements of the beneficiaries Sl No. 1 to 10 are enclosed as Annexure - II

II. Beneficiaries who were sanctioned Tent House.

1	Bangaru Appalaswamy S/o Rangarao, Kaikaluru	Sold the Unit for Rs. 30,000
2	Bangaru Krishna Murthy S/o Nageswara Rao, Vijayawada	Sold the Unit for Rs. 60,000
3	Tummi Rageswari W/o Satrugundu, Vijayawada	Sold the Unit for Rs 45 , 000
4	Bayaram Apparao, S/o Nukaraju, Vijayawada	Sold the Unit for Rs 45 , 000
5	Bantula Nagaraju, S/o Rama Rao, Agiripalli	Sold the Unit for Rs 70 , 000
6	Kathi Rambabu, S/o Ramaiah, MUDinepalli	Leased out at Rs. 1,000 per month
7	Bogampati Subba Rao, S/o Lachaiha, Mudinepalli	Leased out at Rs. 1,000 per month
8	Mallagunta Narasamma W/o Paparo, Mudinepalli	Leased out at Rs. 1,000 per month
9	P. Venkateswara Rao, S/o Mangaiah, Mudinepalli	Sold the Unit for Rs. 45,000
10	Ega Chenchaiah, S/o Sanjeevulu,	Sold the Unit for Rs. 40,000

	Mudinepalli	while mediator made Rs. 10,000
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Sl. Nos. 5,7 and 8 stated that they had returned to their original occupation
Statements of the beneficiaries at Sl. No. 1 to 10 are enclosed as Annexures – III

III. Beneficiaries who were sanctioned cycle shops.

1	Manikala Penchalaiah, S/o Peda Penchalaiah, Mudinepalli	Out of 10cycles – sold away 8 cycles for Rs. 1,050/- each sold the cycle spares for Rs. 9,000
2	Gogata Chenchaiah, S/o Chittaiah, Machilipatnam. (on behalf of the beneficiary Gogata Nagesara Rao)	Sold away the 20 cycles

Beneficiary at Sl. No. 1 stated that he was given cycles against his choice of Rikshaw and utensils unit and that, as he was not skilled to run the cycle shop – keeping two cycles with him for his personal use. Similarly, the brother of the beneficiary at Sl. No. 2 stated that his brother had sold away the cycles and returned to his original occupation. Statements of the beneficiaries at Sl. No. 1 to 2 are enclosed as Annexure – IV.

IV. Beneficiaries who were sanctioned baddy + Cycle .

Statement of Beneficiary is enclosed as Annexure – V.

V. Beneficiaries who were sanctioned Rickshaws

1	IIIla Venkateswaralu S/o Ankamma, Kaikaluru	Out of 5 platform rickshaws and spares – 4 leased at Rs. 10/- per day
2	Pasupulati Surayya S/o Subba Rao, Kaikaluru	Out of 5 platform rickshaws and spares all leased out
3	Yenugati Laxmamma W/o Polaiah, Mudinepalli	Out of 6 platform rickshaws and spares – kept 2 with her, gifted 3 to relatives and 1 to mediator
4	Ponnuru Ramanamma W/o Siddaih, Mudinepalli	Out of 5 platform rickshaws and spares – 1 with her – sold 2 at Rs. 1500/- each, 2 at Rs. 2500/- each.

Sl. No.4 stated that she had originally asked for pushcart and utensils while the SC Society forcibly gave her 5 Rickshaws. Sl. Nos. 1 and 4 stated that they have returned to original occupation. Statements of the beneficiaries at Sl. No. 1 to 4 are enclosed as Annexure – VI.

VI. Beneficiaries who were sanctioned Centering materials

1	Chokkakula Anjaneyulu S/o Ekkaiah, Machilipantam	Offered used and damaged material which he sold to the supplier Kagita Sita Rama Raju for Rs. 60,000
2	Yarramsetty Styanarayana, S/o Apparao, Machilipatnam	Offered used and damaged material which he sold to the supplier Kagita Sita Rama Raju for Rs. 60,000

They stated that they were given used and worn out centering material and when they informed the same to ED, KDSCSC Society Ltd., he did not take any action. Subsequently, the supplier, offered Rs. 60,000/- cash, in place of the materials for which they readily accepted. Statements of the beneficiaries at Sl. No. 1 to 2 are enclosed as Annexure – VII.

VII. Beneficiaries who were sanctioned Cloth Business.

1	Chelamchalam Polamma, W/o Chencaiah, Kaikaluru (on behalf of beneficiary, Yedla Anjamma)	She was not given any cloth material instead she was given only Rs. 5,000
2	T. China Lingaiah, S/o Venkateswara RAo, Kaikaluru (on behalf of the beneficiary, T. subbamma)	She was not given any cloth material instead she was given only Rs. 5,000
3	Yadagiri Gnanaiah, S/o Laxmaiah, Kaikaluru	She was not given any cloth material instead she was given only Rs. 5,000

They never received any cloth material. Sl. No. 1 stated that she had returned to her original occupation. Statements of the beneficiaries at Sl. No. 1 to 3 are enclosed as Annexure – VIII.

VIII Beneficiaries who were sanctioned Push Cart & Utensils.

1	Kaurigiri Seshaiah, S/o Polaiah, Kaikaluru	He was given Rs. 5,000 in lieu of material
2	Kathi Laxmi W/o Balaji, Mudinepalli	Received Pushcart & Plastic utensils and Rs. 5,000 cash. Disposed materials for Rs. 600/- keeping the pushcart for herself.
3	Dasari Kameswaramma W/o Seshaiah, Mudeneppalli	Received Pushcart & Plastic utensils and Rs. 5,000 cash. Disposed the

		pushcart & the utensils for Rs. 1,800.
4	Manikalal Lkshamamma	Received Pushcart & Plastic utensils and Rs. 5000 cash. Disposed the utensils for Rs. 700 keeping the pushcart to herself
5	Manikal Durgamma W/o Penchalaiah, Mudinepalli	Sold the unit for Rs. 45,000
6	Manikala Peda Penchalaiah S/o Munnaiah, Mudinepalli (on behalf of the beneficiary, Manakala Durga Rao)	Sold the unit for Rs. 70,000

Sl. No. I stated that the mediator Smt. Kumaramma, ward member, ward No. 8 Kaikaluru took her to the KDSCSC Society Ltd., and gave Rs. 5000/- against the sanctioned amount of Rs. 50, 000/- and the mediator kept the push cart and that she was not given any utensils so far.

Sl. No. I, 2 and 5 stated that they have returned to their original occupation. Statements of the beneficiaries at Sl. No. 1 to 6 are enclosed as Annexure – IX

IX. Beneficiaries who were sanctioned Diesel Autos.

1	Kasimkota Raju S/o Nukaraku, Vijayawada	Leased out for Rs. 100 per day.
2	Bangaru Ravi S/o Appa Rao, Vijayawada (on behalf of the beneficiary Bangaru Raju)	Disposed off the auto did not specify the amount
3	Muthayal Eswara Rao, S/o Venkana Vijayawada	Leased out for Rs. 120 per day
4	Dalayi Radhakrishna S/o Kondaih, Vijayawada	Leased out for Rs. 100 per day
5	Rachuri Bharhmanaiah S/o Kondaiah, Vijayawada	Leased out for Rs. 100 per day
6	Tirumala Konda Venkata Swamy S/o Venkateswarulu, Vijayawada	Leased out for Rs. 100 per day

Sl. Nos 1,2,3 and 6 stated that they have returned to their original occupation. Statements of the beneficiaries at Sl. No. 1 to 6 are enclosed as Annexure – X.

X. Beneficiary who was sanctioned Ziq Zag Machines.

1	Madugula Anitha W/o Ramu, Vijayawada	She was given Rs. 55,000/- cash in place of the machines.
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Statement of the beneficiary is enclosed as Annexure – XI.

XI Beneficiary who was sanctioned cool drink shop

1	Bapatla Chukkaiah S/o Yelamandiah, Kaikaluru	Received Bottle cooler and 22 cases of Cool drinks along with a DD for Rs. 20,000/- as working capital. He sold away all the 22 cases of cool drinks and kept the cooler idle.
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He returned to his original occupation and that out of Rs. 20,000/- given as working capital, the mediator encashed the D.D. and gave only Rs. 5000/- to him. Statement of the beneficiary is enclosed as Annexure XII

STATEMENTS OF SUPPLIERS

1. Sri. Bhupathi Leela Prasad, S/o Gutumurthy, Proprietor of M/s Mega Copier Systems, Vijayawada.
2. Sri. Nidumolu Muralidhar, S/o Late Gopala Rao, Prop, Of M/s BSK Copier Services, Vijayawada.
3. Sri. Nissar Ahmed, S/o Late Harun Rashid, Prop. Of M/s Amar Traders, Vijayawada
4. Sri. Shaik Baji, S/o Late Mehaboob, Prop. M/s Bazi Shamiyanas, Vijayawada
5. Sri. Gurram Venkateswara Rao, S/o Satyanarayana, Prop. Of Omkar Shamiyana works, Guntur.
6. Sri. Sharabu Venkateswaralu, S/o Venkatapathi, Prop. Of M/s Srinivasa Shamiayana works, Guntur.
7. Sri. Kagitha Seetha rama raju, S/o Venkateswara Rao, Prop. Of M/s Syamala Enterprises, Machilipantam.

On examination, Sl. No. I stated that in the month of January, 2003 local 'Relli' caste leaders viz., Bobbili Leelakumar, Vaddadi Bhuvana approached him and requested him to supply Xerox machines to the beneficiaries of scavengers Rehabilitation Programme and also introduced him to the SC Society ED Sri. Dasaradha Rami Reddy and Jr. Asst. Sri. M. Durga Rao. The relli caste leader and SC Society officials also informed him that without any physical transaction of the machines, the sale could be effected by merely paying some cash to the beneficiaries and bribing the officials of SC Society. On which he established the firm M/s mega Copier systems, Vijayawada", bought 4 no. of reconditioned Xerox machines form M/s Crystal Systems and services, Hyderabad duly obtaining bills for 13 machines and managed asset Distribution shows at Machilipatnam, Vijayawada, Gudivada and Nuzivid with only 4 machines. He further stated that he fabricated records of having distributed 15 Xerox machines to the beneficiaries @ Rs. 65,000/- each and actually paid Rs. 45,000/- only to each beneficiary. He also gave the split up figures of balance amount of Rs.

20,000/- stating that he paid Rs. 2500/- to the ED, and Rs. 1000/- to Sri. M. Durga Rao, Jr. Assistant and Rs. 500/- for office expenditure.

On examination Sl. No. 2 stated that his firm was not registered under APGST as well as CST Act and that he did not mention the same on the bills and quotations and that he was not aware who stamped the APGST and CST No. 201, dt. 30.12.2002 on the same and that he bought 4 xerox machines from one Mr. Prasad, Vijayawada, which he produced during the Asset Display sessions at Machilipatnam, Vijayawada, Gudivada and Nuzivid, duly recycling the same machines at each display session. He also stated other facts regarding the modus operandi which are the same as recited by Sri. Bhupathi Leela Prasad of M/s Mega Copier Systems, Vijayawada.

On examination, Sl. No. 3 stated that he had reopened the closed firm of M/s Amar Traders, on 30.09.03 solely for the purpose of supplying 15 no. of tent houses to the beneficiaries of Scavengers Rehabilitation Programme @ Rs. 1.0 lakh per unit. Among the 15 beneficiaries to whom the Tent House materials were supplied, 3 beneficiaries viz., 1. Bobbili suseela, 2. Bobbili Gita Devi 3. Bobbili Venkata Rao have returned the material to him, on payment of Rs. 75,000/- cash per unit. After the transaction is over with the SC Society he had closed the firm. He also stated other facts regarding the modus operandi, which are the same as stated by Sri. Bhupathi Leela Prasad of M/s, Mega Copier Systems, Vijayawada.

On examination, Sl. No. 4 stated that he had supplied tent house materials to beneficiaries of Scavengers Rehabilitation Programme, Viz., 1. Pagidikala Venkata Rao, Kanchikacherla, 2. Attela Yesobu, Nandigama. He further stated that he had received the supply orders from the society inspite of the fact that his firm was not included in the approved list of the purchase committee. He also stated other facts regarding modus operandi, which are the same as stated by Sri. Bhupathi Leela Prasad of M/s. Mega Copier systems, Viajayawada.

On examination, Sl. No. 5 stated that he had supplied tent house materials to 39 beneficiaries @ Rs. 1.0 lakhs each and among them 4 beneficiaries have returned the material by taking Rs. 69,000 to 72,000 cash per unit. He also stated other facts regarding modus operandi which are the same as stated by Sri. Bhupathi Leela Prasad, of M/s, Mega Copier systems, Vijayawada.

On examination, Sl. No. 6 stated that upon information from Co -business Firms, that Tent House materials are being supplied to beneficiaries of scavengers Rehabilitation Programme in SC Society, Machiliapatnam, he approached the ED, SC, Society, Machiliapatnam and upon coming to an understanding of fulfilling similar formalities to the ED and Office staff as the other firms, he was given supply order for 7 units inspite of not being in the approved suppliers list. Among the 7 beneficiaries who have received tent house

materials from his firm, one beneficiary has returned the materials by taking cash. He also stated other facts regarding the modus operandi which are the same as stated by Sri. Bhupathi Leela Prasad, Prop, of M/s Mega Copier Systems, Vijayawada.

On examination Sl. No. 7 stated that, he established his firm on 10.07.02 with the sole intention of supplying materials to Government officer only. He stated that he had no direct contact with any of the beneficiaries of scavengers Rehabilitation Programme, and after obtaining sanction order for supply of materials from the ED, SC, Society, he had supplied materials such as Tent Houses, centering material, Rikshaws, Cycle, Clothes, Kirana Items worth of Rs. 90,00,000/- duly purchasing these materials from different sources with a profit margin of 5 % to 10 %. He finally stated that he is not an Authorized Dealer Manufactures / Registered under SSI.

Statements of the suppliers at Sl. No. 1 to 7 are enclosed as Annexure – XIII.

Article of charge I. Non-verification of the Genuinity of the beneficiaries and sanctions made to non – existent beneficiaries by the officials of KDSCSC Society Ltd..

The list of beneficiaries was supplied to KDSCSC Society Ltd., Machilipatnam by 15 NGOs of the district, who are reported to have conducted survey in the entire district, and identified the persons who were involved in scavenging operations. However, the officials of KDSCSC Society Ltd., Machilipatnam never cross checked the list of beneficiaries furnished by the NGOs and went on sanctioning the schemes as per the list, over the last 4 years.

In the present enquiry, during random check it came to light that 2 persons have impersonated dead persons viz., Nimmakayala Appa Rao, S/o Appa Rao (ID.No. 939), Vijayawada and Yerramsetty Panduranga Rao S/o Bhaskar Rao (ID. No. 560) Machilipatnam and fraudulently claimed an Auto Rickshaw and Kirana Shop respectively. Enquiry revealed that the actual beneficiaries died before the submission of the applications. Verification of their applications revealed that neither the photographs affixed on the Applications, nor the thumb impression belong to the intended beneficiaries. Death certificate of Yarramsetty Panduranga Rao showing the date of death as 16.06.2001, issued by Machiipatnam Municipality is enclosed as Annexure – XIV. Death certificate of Nimmakayala Appa Rao, could not be secured as his death was not registered in the VMC, Vijayawada. However, the statements of his wife Nimmakayala Nagamani, and another acquaintance of Nimmakayala Appa Rao viz., yarramsetty Talapulu, S/o Ramulu, establishing the death of beneficiary were obtained and enclosed as Annexure – XV.

It was also revealed in the random check during the enquiry, that two persons have hijacked the benefits of the scheme in the name of beneficiaries.

One, Vemula Venkateswara Rao, S/o Krishnaiah, (ID.1195) resident of D. No. 56-1-19, scavenger Colony Patamata, Vijayawada was sanctioned a tent house for Rs. 1.0 lakhs. During the enquiry with Sri. Tummi Pedavenkateswarlu, S/o. Appanna, residing in the above address, revealed that he had been residing in the said address, and that he never took any loan from SC Society. Further, he could not recognize the beneficiary's photograph affixed on the application, and also stated that he never saw the above person in the locality. Copy of the statement of Sri. Tummi Peda Venkateswarulu, S/o Appanna is enclosed as Annexure – XVI.

KDSCSC Society Ltd., sanctioned kirana shop to one Yerramsetty Pydeswara Rao, S/o Pothuraju at Door. No. 15/421-7, Machillipatnam. Enquiry revealed that only 15/421 door number is existing in Machilipatnam and not its sub-divisions. (Copy of panchanama report is enclosed as Annexure – XVII). Further enquiries were conducted to identify the beneficiary with the help of his photograph affixed on the loan application No. 16619 and it was identified as that of one Taiapalli Yebelu. Enquires with Smt. T. Devakumari, W/o Yebelu revealed that her husband is a worker in local hardware shop and that they never availed any type of loan from SC Society. Copy of Statement of Smt. T. Devakumari is enclosed as Annexure – XVIII

A full-scale enquiry is likely to disclose more number of such cases.

Article of Charge. 2 Disregard of the guidelines of the scheme by the officials of KDSCSC Society Ltd., in selection of alternate occupations, imparting training and providing Post Asst. Delivery support to the beneficiaries.

As per Para 4.2.5 of the AP mission for eradication of manual Scavenging & Rehabilitation of Scavengers in Andhra Pradesh, counseling shall be organized for the scavengers to identify suitable alternative occupation of their choice. On selection of the unit, the beneficiaries and their dependents are to be trained on subject of Asset Management for a period ranging from 1 to 4 weeks before handing over the Asset. Finally the asset provided to the beneficiaries shall be monitored for a period of six months in terms of keeping close watch on asset performance and income generated etc., (copy of guidelines enclosed as Annexure – XIX)

However, many beneficiaries were never given any opportunity to choose the alternative occupation of their choice, and the selection of the alternative occupation was done by the officials of KDSCSC Society Ltd., Machilipatnam at their convenience and with connivance of the suppliers. No training programmes were conducted on asset management for any kind of business, even in the technical oriented occupation such as running Xerox machines, cycle repair shops, centering materials etc., which requires special skills.

The officials of KDSCSC Ltd., Machilipatnam organized Asset Distribution programmes at Machilipatnam, Gudivada, Gudlavalleru, Nuzivid and Vijayawada wherein the selected beneficiaries were summoned and the assets were forcibly distributed to them. Almost all the beneficiaries examined in this regard have stated the above facts.

It is further submitted that no steps have been taken so far to monitor the performance of the delivered assets.

Article of Charge. 3 Placement of orders to the suppliers not approved by the purchase committee

Out of the 7 suppliers enquired, 2 of them viz, Ms. Baji Shamiyana, Vijayawada and M/s. Srinivasa Shamiyana Works, Guntur were not approved by the purchasing committee.

Further, one Syamala Enterprises, Machilipatnam which is located in a small room in Machilipatnam town and not having any infrastructure dealership, supplied variety of articles viz., Kirana material, tent house, Rickshaws, Cycles, Clothes, centering material etc., all worth Rs. 90.00 lakhs to the beneficiaries with whom he never had any direct contract. It is noticed that without verifying the actual capability of the firm, its name was included in the Approved list. The fact that the firm took loan from banks basing on the advance indents given by the then ED, KDSCSC Society Ltd., Machilipatnam and closed the business of the firm immediately after distribution of the assets, indicates the ill motive of the firm.

Similarly, M/s. Mega Copier Systems, Vijayawada, M/s BSK Copier Services Vijayawada and M/s, Amar Traders, Vijayawada also have opened their business activities just before the grounding of the scheme, which clearly indicates, the connivance of officials of the KDSCSC Society Ltd., Machilipatnam, mediators / brokers and the owners of the above firm. The statements of the above suppliers confirm the above facts.

➤ **Supply of sub-standard material to the beneficiaries and recycling of the same to all the beneficiaries by the suppliers.**

Perusal of the invoice / bill copies submitted by the suppliers of Xerox machines viz BSK Copier Services, Vijayawada and Mega Copier Systems, Vijayawada revealed that Reconditioned (RC) Xerox Machines were supplied to the beneficiaries. Copies of the quotations and bills of the above – mentioned firms are enclosed at Annexure – XXI. The above suppliers also confessed to the fact that they bought few Xerox Machines which they recycled to sell to other beneficiaries.

➤ **Distribution of Cash instead of Assets by the suppliers**

Enquiry revealed that many beneficiaries were given cash, those too only partial amounts, in place of assets by the suppliers through mediators, defeating the very object of the scheme.

➤ **Hijacking of the benefits of the scheme by the brokers.**

Enquiry with the beneficiaries revealed that there are well-established brokers moving around the SC, Corporation office for hijacking of the benefits of all the schemes. It is also revealed that most of the beneficiaries were not even aware of either the procedure of applying for the benefit scheme nor the repayment schedule, leave alone the functioning and profitability of the asset. Thus, the brokers amassed large amounts by getting sub standard assets supplied and getting the same re-purchased by the suppliers. Statements of the beneficiaries and suppliers confirm the same.

➤ **Indiscriminate release of the working capital by KD SCSC Society Ltd., Machilipatnam leading to misappropriation of the released amounts by the mediators.**

Enquiry with the beneficiaries sanctioned with Rs. 1.0 lakhs loan for Xerox Machines, revealed that, the machine of worth Rs. 65,000/- (as shown in the bill) was given to them which was taken back immediately from the beneficiary by the supplier by paying Rs. 45,000/- in cash. The balance amount of Rs. 35,000/- shown as working capital during the sanction of loan was released to the beneficiaries by way of DDs without any verification as to whether the asset was properly grounded or not by the KDSCSC Society Ltd., Machilipatnam. The working capital so released in the form of DDs in favour of the beneficiaries was misappropriated.

➤ **Retrieval of meager amounts by the beneficiaries on sale of the materials supplied, on account of ignorance of the real worth of the materials supplied to them**

Enquiries with beneficiaries who were supplied with units such as pushcart with plastic and steel utensils worth Rs. 50,000/- revealed that, on sale of the materials supplied the beneficiaries got an abysmally low sum of Rs. 600/- to Rs. 800/. Similarly, beneficiaries who had received cycles and spares for Rs. 50,000/- had sold the material for Rs. 11,000/- only.

Article of Charge. 4 Abuse of power and official corruption by the ED and staff of KDSCSC Society Ltd., Machilipatnam.

Enquiries with the suppliers viz Amar Traders, Vijayawada, Bazi Shamiayana, Vijayawada, Omkar Shamiyaana, Guntur, Srinivasa Shamiayana Works, Guntur BSK Copier Services, Vijayawada, Mega Copier Systems, Vijayawada, have revealed that bribes to a tune of Rs. 2000/- to Rs. 2500/- by

the ED, and Rs. 500/- Rs. 1500/- by the office staff was taken on each unit supplied to the beneficiaries.

➤ **Improper documentation leading to difficulty in loan recovery.**

Perusal of the applications revealed that the details furnished in the applications were not verified and certified by the concerned officer. In the absence of the above certification, signatures / thumb impressions of certain beneficiary were forged, facilitating impersonation and finally making loan recovery an impossibility.

In no application, caste and income certificates were furnished. Pronote was executed without affixing Revenue Stamp which makes it invalid. The signatures / thumb impressions of the applicants and witnesses were not certified by any officer in this Pronote. Address of the guarantors is vague without any door number, father's name, property details etc., and their signatures / thumb impressions were not certified by the concerned officers, i.e., Sub Collector, MD and MRO. Witnesses columns are also kept vacant.

All the above lapses in documentation and lack of efforts for loan recovery, due to callousness of the officials of KDSCSC Society., Machiliapatnam would result in difficulties in loan recovery. Perusal of the loan recovery particulars since the inception of the scheme revealed that a meager amount of Rs. 4.771 lakhs was recovered against the demand of Rs. 235.595 lakhs.

Statement showing the recovery particulars of the past 4 years is enclosed as Annexure – XXII.

A copy of one of the sanctioned application form is enclosed as Annexure – XXIII.

OFFICERS RESPONSIBLE.

1. Sri. N. Dasaradha Rami Reddy, the then ED, KDSCSC Society Ltd., Machilipatnam and presently working as General Manager (Development), APSCCFC, Hyderabad.
2. Sri. M. Durga Rao, Jr. Assistant, KDSCSC Society Ltd., Machilipatnam. The above officers are responsible for the above mentioned irregularities.
3. Sri. M. Jaya Raju, Accounts Officers, KDSCSC Society Ltd., Machilipatnam is responsible for not scrutinizing any of the loan applications before sanction was accorded.

VERSION OF THE OFFICERS

Sri G. Nageswara Rao, ED and Sri. M. Durga Rao, J. Assistant DSCSCS Ltd., Machilipatnam have stated that the verification of genuineness of all beneficiaries was done during the session of Assets Display itself by cross verifying the details from one another from the group of beneficiaries available on that day and the awareness of the assets to the beneficiaries was created during the same session. However, they accepted that no monitoring was done after the delivery of the assets. Further, they are silent on the subject of sanctioning the scheme to the dead persons, supply of substandard material and recycling of Xerox machines. Regarding improper documentation, they stated that the necessity of income and caste certificate was not felt as the beneficiaries are already identified as scavengers with BPL status. Regarding sanctioning of the schemes without either attestation of the photographs of the beneficiaries or having signatures of any officer on all the applications processed, they stated that it is their practice to sign all the applications after grounding the schemes to all the beneficiaries. Statements of the ED and Jr. Assistant of KDSCSC Society Ltd., Machilipatnam are enclosed as Annexure XXIV.

Their version cannot be held tenable as there is ample evidence in the form of statements of the beneficiaries and suppliers confirming the mentioned irregularities.

Thus, it is evident that the then Executive Director, KDSCSC Society Ltd., Machilipatnam orchestrated the entire sequences of grounding of the schemes, for corrupt considerations, ably assisted by certain staff members, Mediators / Brokers and suppliers and made a mockery of the objectives of the scheme, thereby causing huge loss to the Government, apportioning the lion's share of the funds among themselves, which should have otherwise reached the poor and down trodden beneficiaries.

V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE-III

LIST OF DOCUMENTS BY WHICH THE ARTICLES OF CHARGE FRAMED AGAINST SRI. N. DASARATHARAMI REDDY, FORMERLY EXECUTIVE DIRECTOR, DIST. S.C. SERVICE COOP. SOCIETY LTD., MACHILIPATNAM, KRISHNA DISTRICT & PRESENTLY ADDL. DIRECTOR, (U/S) O/O COMMISSIONER OF SOCIAL WELFARE, AP, HYDERABAD ARE PROPOSED TO BE SUSTAINED.

- 1) Vigilance Report No. 101 (802/V&E-D2/2004) dated 30.8.2004 of the Director General (Vig & Enft) & E.O. Principal Secretary to Government, General Administration Department, A.P. Hyderabad.

V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE-IV

**LIST OF WITNESSES BY WHOM THE ARTICLES OF CHARGE FRAMED
AGAINST SRI. N. DASARATHARAMI REDDY, FORMERLY EXECUTIVE
DIRECTOR, DIST. S.C. SERVICE COOP. SOCIETY LTD., MACHILIPATNAM,
KRISHNA DISTRICT & PRESENTLY ADDL. DIRECTOR, (U/S) O/O
COMMISSIONER OF SOCIAL WELFARE, AP, HYDERABAD**

-NIL-

V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT

//FORWARDED::BY ORDER//

SECTION OFFICER

